

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF TEXAS  
HOUSTON DIVISION

IN RE:	§	
	§	CHAPTER 11
PASADENA SELF-STORAGE, LTD.,	§	CASE NO. 10-33790
	§	
DEBTOR.	§	

**CITY NATIONAL BANK'S OBJECTION TO APPLICATION  
TO EMPLOY COUNSEL FOR PASADENA SELF-STORAGE, LTD.**  
(relates to docket no. 26)

COMES NOW, City National Bank ("CNB") and files its Objection to Application to Employ Counsel for Pasadena Self-Storage, Ltd. (the "Objection") and would state as follows:

1. On May 4, 2010, (the "Petition Date") Pasadena Self-Storage, Ltd. ("Pasadena") filed a voluntary petition for relief under Chapter 11 of the United States Bankruptcy Code.

2. Prior to the Petition Date, Cypresswood Self-Storage, Ltd. ("Cypresswood") filed a voluntary petition for relief under Chapter 11 of the United States Bankruptcy Code on April 6, 2010. The Cypresswood bankruptcy case was filed in the Southern District of Texas and the case number is 10-32976. The Cypresswood case was filed by Patrick Devine ("Devine").

3. Cypresswood and Pasadena have common ownership and both are operated by the same company, Silver Oaks Management, LLC. The General Partner of Cypresswood and Pasadena, is NL PSS, LLC which owns a one percent (1%) partnership interest in Cypresswood and an 0.1 % partnership interest in Pasadena. The limited partners of both Cypresswood and Pasadena are the same.

4. On April 30, 2010, Cypresswood filed an Application to Employ Counsel (docket no. 11) and on May 17, 2010, the Debtor filed its Affidavit to the Application to Employ Counsel (docket no. 24). The counsel which Cypresswood wished to employ was Devine.

5. During a May 28, 2010, hearing in the Cypresswood case, Devine stated that he would be withdrawing his Application to Employ in the Cypresswood case and filing an application for employment in the Pasadena bankruptcy case (see courtroom minutes for May 28, 2010). An Order Mooting the Application to Employ was entered by the Court on June 3, 2010 (docket no. 30). This puts the status of Cypresswood's bankruptcy case in jeopardy because, being an artificial entity, it cannot represent itself. Pasadena is the largest unsecured creditor of Cypresswood.

6. On June 4, 2010, Pasadena filed an Application to Employ Counsel for Pasadena Self-Storage, Ltd. (docket no. 26). The counsel which Pasadena wishes to employ is Devine.

7. While Devine had previously withdrawn his Application to Employ in Cypresswood and disclosed the relationship between Cypresswood and Pasadena in the Application to Employ filed in Pasadena, there is still a conflict. Cypresswood and Pasadena are adverse to each other. Devine originally filed the bankruptcy case for Cypresswood. Pasadena is a large creditor of Cypresswood and is scheduled as being owed \$511,253.08. Cypresswood and Pasadena are affiliated companies and owe intercompany debts between them.

8. Pursuant to the Application to Employ filed in the Cypresswood case, Devine received a \$6,039.00 retainer from Silver Oaks Investments, LLC, but the Statement of Financial Affairs (docket no. 22) reflects that the retainer came from Cypresswood Self-Storage, Ltd. As to the Pasadena case, the Application to Employ states that the \$6,039.00 retainer used to pay Devine came from Silver Oaks Investments, LLC, but the Statement of Financial Affairs (docket no. 24) reflects that the retainer came from Pasadena Self-Storage, Ltd. Devine has performed legal services for both Cypresswood and Pasadena and has received monies from the parent company of both Cypresswood and Pasadena.

9. It appears that individual insiders, who upon information and belief are also insiders of Cypresswood, Silver Oaks, and NL PSS, LLC, each received a distribution from the Debtor of \$158,658.50 within four (4) months of the filing of this case.

Wherefore, Premises considered, City National Bank respectfully requests that the Application to Employ Counsel for Pasadena Self-Storage, Ltd. be denied and for all other relief as is just.

Respectfully submitted this 7th day of June, 2010.

HIRSCH & WESTHEIMER, P.C.

By: /s/ Michael J. Durrschmidt  
Michael J. Durrschmidt  
Texas Bar No. 06287650  
700 Louisiana, Floor 25  
Houston, Texas 77002  
Telephone: 713-220-9165  
Facsimile: 713-223-9319  
E-mail: [mdurrschmidt@hirschwest.com](mailto:mdurrschmidt@hirschwest.com)

Attorneys for City National Bank

**Certificate of Service**

I hereby certify that on the 7th day of June, 2010, a copy of the foregoing City National Bank's Objection to the Application to Employ Counsel for Pasadena Self-Storage, Ltd. was served via first class mail, postage prepaid and/or via the Clerk of the Court through the ECF system to the parties on the attached service list.

/s/ Michael J. Durrschmidt  
Michael J. Durrschmidt

Service List

Pasadena Self-Storage, Ltd.  
3030 Old Ranch Parkway, Suite 190  
Seal Beach, CA 90740

Patrick D Devine  
5120 Woodway Dr., Suite 8002  
Houston, Texas 77056

Christine A March  
Office of the United States Trustee  
515 Rusk St., Suite 3516  
Houston, Texas 77002

Jason Starks  
Assistant Attorney General  
c/o Sherri K. Simpson  
PO Box 12548  
Austin, Texas 78711

Tara Grundemeier  
Lienbarger Goggan Blair & Sampson LLP  
PO Box 3064  
Houston, Texas 77253

Imperial Capital Bank  
500 N Brand Blvd., Suite 1500  
Glendale, CA 91203

Leo Vasquez  
Harris Co. Tax Assessor  
PO Box 4622  
Houston, Texas 77210

East Bay Construction  
2124 Main Street, Suite 145  
Huntington Beach, CA 92648

Texas State Comptroller  
PO Box 149348  
Austin, Texas 78714

Goodrich Goodyear & Hinds  
6700 E Pacific Coast Hwy, Suite 255  
Long Beach, CA 90803

AFS/EBEX Financial Services  
PO Box 10045  
Pasadena, CA 91189

Best Publications  
100 Perkins Street, Suite C  
League City, TX 77573

W.B. Lockhart & Co  
PO Box 35375  
Houston, Texas 77235

Yellow Book USA – West  
PO Box 660052  
Dallas, Texas 75266

EMR Services  
2931 Thorne Creek  
Houston, Texas 77073

Reliant Energy  
PO Box 650475  
Dallas, Texas 75265

AT&T  
PO Box 5001  
Carol Stream, IL 60197

Golf Carts of Houston Mgmt  
d/b/a South Houston Golf Carts  
3123 Westside Drive  
Pasadena, TX 77504

AT&T Advertising Solutions  
PO Box 5010  
Carol Stream, IL 60197

C&C Contractors  
5128 Eula Avenue  
Pasadena, Texas 77505

G5 Search Marketing, Inc.  
550 NW Franklin Avenue, Suite 200  
Bend, OR 97701

Phonesmart  
Box U  
Columbia, MO 65205

On the Move, Inc.  
PO Box 1137  
Boerne, Texas 78006

Salinas Installations  
12303 Gulf Freeway, Apt. 1604  
Houston, Texas 1604

Purchase Power  
PO Box 856042  
Louisville, KY 40285